



WISCONSIN STATE REPRESENTATIVE
Louis J. Molepske, Jr.
71ST ASSEMBLY DISTRICT

Assembly Bill 211 – Bullet Points

CDFI Overview

- 21 federally-certified CDFIs in Wisconsin ~~Legislature~~
 - Only 1 in Stevens Point: Community Assets for People (wholly-owned affiliate of CAP Services)
 - Last year, when 2009 AB 948 was circulating, Wisconsin only had 18 federally-certified CDFIs. As evidenced by this growth, CDFIs are recognized as a good place to invest.
- Four types of CDFIs:
 - community development banks (ex. Legacy Bank in Milwaukee);
 - community development credit unions (ex. First Service Credit Union in Milwaukee or Lac Courte Oreilles Federal Credit Union in Hayward);
 - community development loan funds (ex. Community Assets for People in my hometown of Stevens Point or Forward Community Investments which works statewide); or
 - microenterprise funds (ex. Wisconsin Women's Business Initiative Corporation).
- At end of 2009, Wisconsin CDFIs had more than \$400 million in loans outstanding.
- CDFIs have a "double bottom line" of financial return and social return.
- CDFI provide loans to:
 - Individuals (for first-time homebuyer or auto loans, typically);
 - Small and mid-sized businesses (to expand businesses, fund operations, purchase equipment, etc.);
 - Microenterprises (to start businesses);
 - Nonprofit organizations (to develop affordable housing, expand services, promote economic development initiatives, etc.).
- CDFIs encourage long-term sustainability.

(over)

DISTRICT:
(715) 342-8985
1557 Church Street
Stevens Point, WI 54481
Rep.Molepske@legis.wi.gov

STATE CAPITOL:
P.O. Box 8953
Madison, WI 53708
FAX: (608) 282-3671
Toll-free: (888) 534-0071 or (608) 267-9649



Mechanics of AB 211

- Definitions:
 - “CDFI” = an entity that is organized under the laws of this state and has been certified by the Community Development Financial Institutions Fund established under federal law (fund) as meeting certain eligibility requirements.
 - “Qualified Investment” = a loan or deposit that pays no interest of at least \$10,000 that is made for a minimum of 60 months and over which the CDFI retains complete control for the duration of the investment period.
- WEDC may certify a person who makes a qualified investment in a registered CDFI to receive a credit against state income and franchise taxes and against license fees paid by insurers.
 - The credit would be for taxable years beginning after December 31, 2011, and before January 1, 2014.
- WEDC would be permitted to register a CDFI that applies to Commerce and complies with annual reporting requirements.
- WEDC may certify up to \$500,000 in tax credits in any calendar year.
- WEDC may revoke the registration of a CDFI that fails to comply with annual reporting requirements or that no longer meets the eligibility requirement for certification by the fund.
- A person certified to receive tax credits may claim:
 - 10 percent of the person’s qualified investment, if the investment is at least \$10,000, but not more than \$150,000, or
 - 12 percent of the person’s qualified investment, if the investment is more than \$150,000, but not more than \$500,000.
- If the person withdraws the qualified investment from the CDFI before the end of the investment period and does not reinvest the qualified investment in another CDFI, the person must repay a portion of the credit amounts that the person received by adding the portion to the person’s tax or fee liability in a subsequent year.
 - NOTE: the portion that must be repaid depends on when the person withdraws the investment during the investment period. (In other words, the portion that the person must repay decreases the longer the person holds the investment during the investment period.)